



## **CHAPTER 2**

# **AUTHORITY AND RESPONSIBILITIES**

### **INTRODUCTION**

The Compensation Management System is designed to permit managers a more active role in administering employee compensation to support their agencies' mission and objectives. There is a deliberate shift in accountability from the Department of Human Resource Management (DHRM) to agencies' management. This shift in accountability will require agencies to account for and justify the fiscal impact of payroll expenditure to senior managers, explain pay decisions to employees and stay within existing budgets. Decisions made because of Compensation Reform will have both long term and recurring financial impact on agencies. Additionally, since agencies will have available a number of different pay practice options, they will be required to monitor and validate salary transactions to ensure compliance with the Commonwealth's pay practices.

The Compensation Management System relies on a sound infrastructure to ensure effective program compliance and performance. This infrastructure includes policies, pay practices, training and communications, business transactions, information technology support systems, trends analysis, and program evaluation at the state and agency levels. A process of defining roles and authority, and conducting program evaluation provides the critical components needed to support continued improvement of the Compensation Management System.

Managing employee pay and the systems that support it is critical to the success and effectiveness of the Compensation Management System. The administration of compensation transforms the roles of DHRM, state agencies, and agency managers, to one of partnership requiring a balanced investment of support from each partner.

The purpose of this Chapter is to provide guidance related to the administrative and operational management of the Commonwealth's

Compensation Management System, and the authority and responsibilities inherent in an expanded partnership.

## **AUTHORITY AND RESPONSIBILITIES**

- **Governor and General Assembly**

The Virginia Personnel Act (Title 2, Chapter 10, Section 2.1-113) designates the Governor as ***Chief Personnel Officer of the Commonwealth***. The Governor is responsible for establishing and administering a compensation plan. Additionally, the Governor and the General Assembly approve funding for annual performance increases that may be granted to eligible classified employees and adjustments to the pay structure.

- **Director of the Department of Human Resource Management**

The Director of the Department of Human Resource Management is responsible for making recommendations regarding the establishment and maintenance of the Commonwealth's Compensation Management System. In accordance with authority delegated by the Code of Virginia, DHRM promulgates policies and procedures that govern the administration of compensation for all classified employees of the Commonwealth. DHRM provides the Governor and the General Assembly with salary survey results projecting market movement in salaries and pay structure.

The Office of Compensation and Policy (OCP) is responsible for the following functions:

- establishing and maintaining the policies and procedures of the Compensation Management System;
- recommending to the Director of DHRM solutions to compensation and policy issues;
- providing consultation and technical assistance to agencies regarding compensation management and general policy matters;
- conducting legislative studies;
- obtaining ***Salary Reference Data*** and providing agency management with access to this information;
- monitoring and evaluating agencies' usage of pay practices and effectiveness of the entire compensation system;

- reviewing and responding to agency appeals;
- establishing and changing the pay band assignments of **Roles (re-banding)**;
- establishing new **Career Groups** and **Roles**;
- establishing or changing pay differentials;
- reviewing **Agency Salary Administration Plans** (see Appendix A, Agency Salary Administration Plan Guidelines and Agency Implementation Readiness Checklist)
- conducting program evaluation reviews;
- approving exceptions to state policy;
- approving innovative compensation programs;
- establishing categories of pay supplements to base pay

- **Agency Heads**

The Virginia Personnel Act specifies that the heads of all state agencies shall be the **appointing authorities** of their respective agencies and shall establish methods of personnel administration within their agencies. Agency heads, or their designees, are responsible for all personnel and compensation actions affecting their agencies and may assign specific compensation responsibilities to employees in leadership roles. All executive branch agencies have the authority to take the following actions that affect the compensation of employees:

- developing, implementing and evaluating the appropriateness and effectiveness of the **Agency Salary Administration Plan** and modifying when necessary;
- determining and documenting salaries in conjunction with the **Agency Salary Administration Plan**;
- hiring (see Appendix C, Employment Statuses);
- approving dual incumbency of positions;
- establishing and abolishing positions;
- assigning duties to employees;
- transferring positions to and from locations;
- administering the Compensation Management System pay practices;
- conducting salary surveys and analyzing data in accordance with DHRM guidelines;
- documenting and requesting differentials, rebanding or **Career Group** revisions;
- approving salary supplements;

- developing innovative compensation practices for DHRM approval;
- documenting and maintaining records of all personnel actions;
- appealing compensation decisions to DHRM (see Appendix D, Appeals);
- awarding or denying compensatory leave;
- establishing alternative approaches to employee performance review (e.g. team performance)
- determining the performance rating for all employees; and
- training agency management and employees on the Compensation Management System and any prospective actions that affect employees' compensation

- **Agency Human Resource Officers**

Agency Heads typically assign the responsibility for implementing the human resource program to their human resource officer, consistent with state and agency policy. Agencies have the authority to effect most compensation decisions within the guidelines of state personnel policies, rules, and procedures. The agency human resource officer is responsible for planning, developing, implementing, and evaluating human resource programs that support the agency's mission and objectives, and for providing programs that train agency managers at all levels to assume their roles in compensation management. Human resource professionals are responsible for making consistent and sound recommendations to their agency heads and agency management. Additionally, agency human resource officers have the authority to initiate compensation studies and implement related decisions based on the unique business needs of the agency.

- **Agency Management**

Managing and administering employee compensation at the agency level, as prescribed by the Agency Head, is a critical component of the Commonwealth's Compensation Management System. Agency managers and supervisors, at all levels, must have a working knowledge and understanding of the principles and procedures of the Commonwealth's Compensation Management System to effectively manage their employees and their compensation.

- **Employees**

Employees should initially discuss any concerns they may have about compensation, including the assignment of their position to a **Role**, with their supervisor and reviewer. If additional information is needed, employees may go to their agency human resources officer or higher-level agency officials. As a classified employee of the Commonwealth, each employee has the responsibility to become knowledgeable of the Commonwealth's Compensation Management System and the pay practices.

Employees may contribute to the compensation process by identifying their respective job tasks or assisting in this process. Employees may also participate on task forces, study teams, and oversight committees to develop new **Roles**, competency models, skill inventories, and other tools to assist in compensation decisions. Additionally, employees evaluate their own performance through self-assessments and have greater opportunities to participate in salary negotiations.